

EXHIBIT 1

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IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

-----x
In re ANADARKO PETROLEUM Civil Action No.
CORPORATION SECURITIES 4:20-cv-00576
LITIGATION
-----x

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REMOTE VIDEOTAPED DEPOSITION BY VIRTUAL ZOOM OF
ALLEN FERRELL, Ph.D.
Thursday, March 2, 2023

Reported By: Lynne Ledanois, CSR 6811
Job No. 5772235

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1 Q Right. I mean the U.S. government 1:42PM
2 wouldn't bring a class action; correct?

3 A That's correct.

4 Q Okay. So the answer to my question is
5 correct; right? If you want, I can restate it. 1:42PM

6 A I believe that's accurate.

7 Q Okay. Thanks.

8 So in any securities class action, have
9 you opined that the alleged misrepresentations or
10 omissions did, in fact, have an impact on the price 1:42PM
11 of security at issue?

12 A I have in the following sense. So I have,
13 for example, Bank of America, also in the Household
14 litigation, done damages per share under certain
15 assumptions. 1:42PM

16 So I have in that context.

17 Q But that wasn't an opinion about the price
18 impact, that was an assumption; correct?

19 A I don't think I quite agree with your
20 framing. It would be based on certain assumptions 1:43PM
21 including assumptions of liability. I did calculate
22 per share damages and that was an opinion.

23 Q So just to be clear, it was a damages
24 opinion in which one of the assumptions was there
25 would be liability found; is that right? 1:43PM

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1 A That's my best recollection. My specific 1:43PM
2 recollection is I have in securities class action
3 litigation estimated per share damages.

4 Q Assuming liability was found?

5 A Well, I don't -- yes, I don't know what 1:43PM
6 damages would mean, if there is not liability, so I
7 think that's --

8 Q I guess what I'm trying to say is that
9 that was assuming that liability would be found. In
10 other words, your opinion was limited to damages; is 1:43PM
11 that right?

12 A I mean, I have to go back and refresh my
13 recollection. My memory is there was an assumption of
14 liability. Again, I'm not sure what damages means, if
15 there was -- I guess if there is no liability, the 1:44PM
16 damages are easy, it's zero.

17 Q Understood. I was trying to clarify the
18 nature of the opinion. So it was a damages opinion
19 assuming liability would be found?

20 A I gave you my best recollection. 1:44PM

21 Q Okay. The record will stand.

22 Are you offering any legal opinions in
23 this case?

24 A No.

25 Q Do you hold yourself out as an expert in 1:44PM

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1 accounting? 1:44PM

2 A No.

3 Q Do you hold yourself out as an expert in
4 the oil and gas industry?

5 A No. 1:44PM

6 Q Are you a geoscientist?

7 A No.

8 Q Do you have an engineering degree?

9 A No.

10 Q Are you offering an opinion in this case 1:44PM
11 as to the reason Anadarko wrote off Shenandoah?

12 A No.

13 Q All right. Even though you have your
14 report there with you, I'm going to mark one for the
15 record so that it will be an exhibit. You can 1:45PM
16 continue to look at the version in front of you
17 except for just to confirm that what I'm introducing
18 here is in fact your report.

19 So if you'll bear with me for a moment
20 while I introduce this. 1:45PM

21 A Okay. Take your time.

22 MS. JENSEN: If all has gone well, there
23 should be an exhibit that you can see in your
24 Exhibit Share folder. Again, making sure that
25 you're looking at the March 2nd folder. It should 1:45PM

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1 be under marked exhibits and it should be 1:45PM

2 Exhibit 519.

3 (Whereupon, Exhibit 519 was marked for
4 identification.)

5 THE WITNESS: I'm there. 1:46PM

6 MS. JENSEN: Okay. Great.

7 So for the record, I've introduced this
8 Exhibit 519, the expert rebuttal report of Allen
9 Ferrell Ph.D., dated January 25th, 2023.

10 Q And I would like you to scroll through 1:46PM
11 very briefly and confirm that this, in fact, is your
12 report.

13 A Okay. When I turn away from the camera,
14 it's because I'm looking at the screen with the
15 exhibit. 1:46PM

16 Q Okay. Understood.

17 A Yes, this looks like my January 25th report.

18 Q Who wrote this report?

19 A I did with the assistance of Compass
20 Lexecon. 1:46PM

21 Q What assistance did Compass Lexecon
22 provide?

23 A So they did a number of things. For
24 example, they helped organize the flow of materials to
25 me that's reflected in the docs relied upon list. 1:46PM

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1 his report. 7:29PM

2 Q So I'm talking about the heading, did you
3 write that heading?

4 A Yes. I remember having a discussion about
5 this conservative measure of value and his use of the 7:29PM
6 book value.

7 Q Did investors generally value Anadarko
8 higher than the book value of its reported net
9 assets?

10 A I'm sorry, could you repeat that question? 7:30PM

11 Q Did investors generally value Anadarko
12 higher than the book value of its reported net
13 assets?

14 A I do believe -- my memory is there are times
15 that the overall book value was lower than the market 7:30PM
16 price for the entirety of the entity. Hold on one
17 second. I think I have a statement about that here.

18 I think that might be true at different
19 points in time for the entirety of the enterprise.

20 Q So during the class period, Anadarko's 7:31PM
21 book value ranged from 14.6 billion to 19.4 billion,
22 whereas the market value ranged from 15 billion to
23 50 billion. Does that sound about right?

24 A I don't remember the book values for the
25 entire enterprise. I do have the market cap range in 7:31PM

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1 my report in that exhibit, which I have as -- for 7:31PM
2 Anadarko I have the ranges being 15 to 50.

3 Q Right. So in Paragraph 37 you cite to
4 other oil companies in saying they had market values
5 that were less than their book values. 7:31PM

6 Why did you use those as examples instead
7 of analyzing Anadarko, which is the relevant company
8 here?

9 A It's just illustrative of the point that
10 this is accounting and book values and it's not market 7:31PM
11 prices. So it's just illustrative of that point.

12 Q Even though it wasn't true or Anadarko?

13 A Well, I think it is true for Anadarko that
14 the book values are not market prices, it's accounting
15 conventions. 7:32PM

16 Q That's a slightly different question.

17 It's not true that the book value of an
18 asset is the same as a sunk cost; right?

19 A We're going to quickly get into accounting
20 and beyond my knowledge. My understanding is some of 7:32PM
21 the costs that are disclosed on May 2nd are sunk
22 costs, but I think that statement is also true.

23 Q The statement that I made?

24 A Yes. Yes, I think that statement is true,
25 but it's also my understanding that some of the costs 7:32PM

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1 that are written down, if I can use that phrase, in 7:32PM
2 the non-accounting sense, because I know write-down
3 has a particular accounting meaning, but the
4 write-down, so to speak, on May 2nd did include in my
5 understanding sunk costs. 7:33PM

6 Q So you understand that the book value of
7 Anadarko's assets had to be reported in accordance
8 with GAAP; right?

9 A I'm not an accountant, that's my general
10 understanding. 7:33PM

11 Q Okay. So this is outside of your area of
12 expertise here?

13 A If you're going to ask me accounting
14 questions, yes. Beyond the observation that book
15 value are not market prices, beyond the observation 7:33PM
16 that's what is being written down on May 2nd is
17 reflecting some costs.

18 Q But -- well, let me ask you this: Do you
19 understand that under GAAP, an asset represents a
20 right to an economic benefit? 7:33PM

21 A That sounds right.

22 Q Okay. So unlike the concept --

23 A I'm not an accountant.

24 Q Okay. Unlike the -- your reference to
25 sunk cost is past cash outlays. The economic 7:33PM

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1 benefits held through Anadarko's assets represented 7:34PM
2 potential future cash in-flows under GAAP; right?

3 A That, I don't know. We've just hit the end
4 of --

5 Q We're going beyond? 7:34PM

6 A -- my knowledge, so I'm out.

7 Q You're out, okay.

8 A Book value is not market prices.

9 Q Okay.

10 A Accounting has their own way of doing 7:34PM
11 things.

12 Q You'll agree, then, that this issue of the
13 accounting of Anadarko is really outside of your
14 area of expertise?

15 A Well, beyond what I say in my report, which 7:34PM
16 is book value is not market prices. It can be a bit
17 higher, it can be lower depending on the accounting
18 conventions and the actual write-downs relate to past
19 stuff, sunk costs, leasehold interests from years ago.

20 Q I think that's where we're going a little 7:34PM
21 sideways here.

22 You do understand that that the write-down
23 included assets that were acquired from Kerr-McGee?

24 A Are we -- if this is a reference to the
25 leasehold interest, that's my understanding. 7:35PM

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1 Q Right. That was based on its fair value 7:35PM
2 at the date of the acquisition; right?

3 A I don't know.

4 Q So -- but in any event, you'll agree with
5 me that a good portion of the write-down related to 7:35PM
6 an asset?

7 A Well, a good portion related to the
8 leasehold interest from this acquisition years ago.

9 There's two numbers, but it was one of the
10 numbers -- let me just go to the report. Give me a 7:35PM
11 second -- does, as I understand it, relate basically
12 or largely to that leasehold interest that we've
13 been discussing.

14 Q And that leasehold or the asset was
15 reported on the company's books based on its 7:36PM
16 expected future cash flows related to that asset;
17 correct?

18 MS. ROSENBERG: Objection.

19 THE WITNESS: I don't --

20 BY MS. JENSEN: 7:36PM

21 Q You're out?

22 A I don't know. That's an accounting
23 question.

24 Q Okay.

25 A Accountants do things that are not market 7:36PM

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1 prices, not market value, so you cannot look at what 7:36PM
2 the accountants and their conventions are to estimate
3 market prices.

4 Q Well, I mean, in this instance with
5 Anadarko writing down its asset to zero, that 7:36PM
6 indicated that that was the expected future cash
7 in-flows for that asset; correct?

8 A You know, my view and opinion is that how
9 accountants adjust the books for accounting purposes
10 follows their own conventions and it's not market 7:36PM
11 prices, it's not a DCF as an economist would think
12 about it.

13 Q In any event, this is outside of your area
14 of expertise?

15 A I don't know the particulars of GAAP. I do 7:37PM
16 know that some of the write-downs relate to sunk
17 costs.

18 As an economist, that's not relevant to
19 the value of the company on an ongoing basis.

20 Q Okay. But would you defer to the 7:37PM
21 accountants on this issue?

22 A I would defer to the accountants on what the
23 accounting conventions are, I would not defer to an
24 accountant if the accountant were to say, this is
25 market prices. 7:37PM

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1 Q So -- okay. I think the fact that you 7:37PM
2 keep trying to wade into it without understanding
3 the accounting issues make this a little tricky.

4 But what I hear you say is you're out, I
5 won't ask you any more detailed questions about GAAP 7:37PM
6 and how this all works together in terms of the
7 asset.

8 A Okay.

9 Q That doesn't mean we're entirely out of
10 the woods, though, because I do want to ask you a 7:38PM
11 little bit about your opinions or your statements in
12 your report about how Anadarko's write-down differed
13 from ConocoPhillips.

14 A Okay.

15 Q So you, for example, wouldn't expect for 7:38PM
16 ConocoPhillips to report the same asset associated
17 with Anadarko's acquisition of Kerr-McGee; right?

18 MS. ROSENBERG: Objection --

19 THE WITNESS: That sounds reasonable to
20 me. 7:38PM

21 BY MS. JENSEN:

22 Q You wouldn't expect ConocoPhillips to have
23 recorded them like Anadarko; right?

24 A That seems reasonable to me; that is to say,
25 the accountants have the GAAP obligations that relate 7:38PM

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1 I, LYNNE M. LEDANOIS, a Certified
2 Shorthand Reporter of the State of California, do
3 hereby certify:

4 That the foregoing proceedings were taken
5 before me at the time and place herein set forth;
6 that any witnesses in the foregoing proceedings,
7 prior to testifying, were duly sworn; that a record
8 of the proceedings was made by me using machine
9 shorthand which was thereafter transcribed under my
10 direction; that the foregoing transcript is a true
11 record of the testimony given.

12 Further, that if the foregoing pertains to
13 the original transcript of a deposition in a Federal
14 Case, before completion of the proceedings, review
15 of the transcript [] was [x] was not requested.

16 I further certify I am neither financially
17 interested in the action nor a relative or employee
18 of any attorney or party to this action.

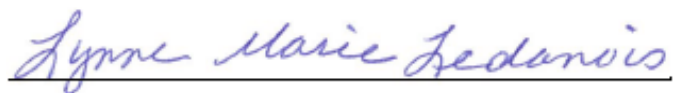
19 IN WITNESS WHEREOF, I have this date
20 subscribed my name.

21 Dated: March 6, 2023

22

23

24



LYNNE MARIE LEDANOIS

25

CSR No. 6811

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